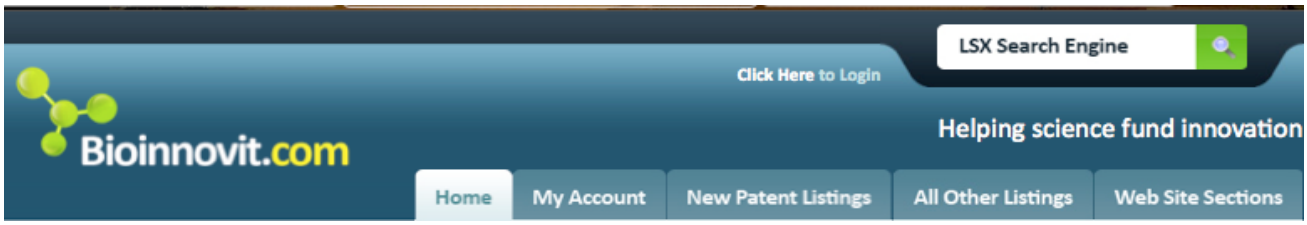


LSX TUTORIAL

INDEX

MUST-READ NOTES 2
WHAT IS THE LSX MART 3
HOW THE LSX MART WORKS 4
DESCRIPTION OF THE LSX MART PLATFORM COMPONENTS 5
THE BIDDING PROCESS 8
WARNINGS & GENERAL DISCLAIMER: 9
LSX PLATFORM USAGE FEE 10
USE AGREEMENTS 11
SECURITY MEASURES 12
ONLINE USER MANUAL 13

Dear User

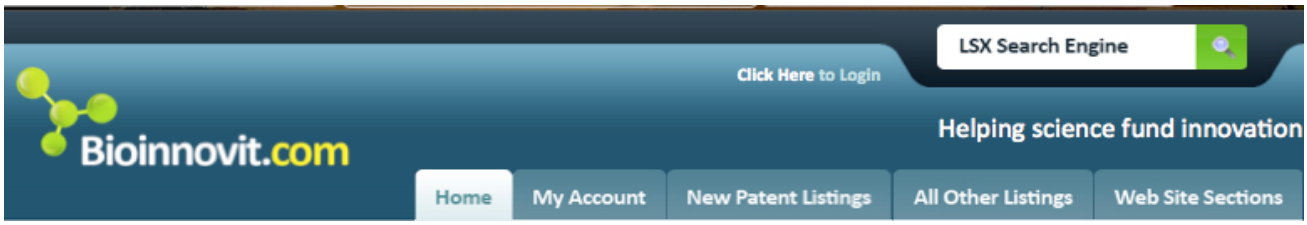
Welcome to the LSX MART. We recommend that you read through our LSX Tutorial before listing items on the LSX MART.

The next pages describe what is the LSX MART and how it works, detailing the key principles that govern its use and its mission.

For a step-by-step description of the process please refer to the USER MANUAL SECTIONS

Once you understand the way the LSX MART works, then you are ready to start using it to list your assets (*patents, R&D projects, products, equity offerings, consulting and services*) for other users to view and consider partnering with.

3i Consulting Srl.
dba www.bioinnovit.com
Via dei Valeri 1
00184, Roma, Italy



LSX TUTORIAL INDEX

MUST-READ NOTES

To obtain the highest benefit from the use of the LSX MART platform you need to register first. You can register as a **basic or premium individual user** or, if you belong to an organization, as a **corporate or premium corporate user**.

You will be asked to make this choice at registration. The nature and mission of the platform compels us to attract users belonging to organizations. For Organizations we have developed a fast-track **Autocertification** process and offer them a variety of FREE privileges. See the Membership Table for further details. Further information on the Fast-track Accreditation process is provided later in this tutorial.

We urge you to be accurate as possible in completing the registration process. An important aspect of registration is your **employment information**.

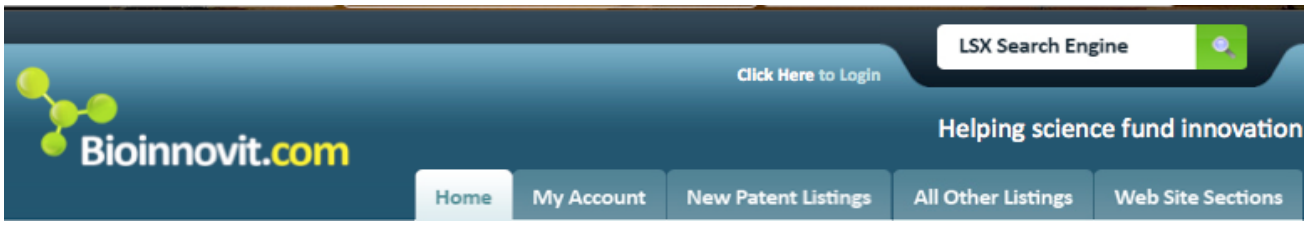
If you register as a corporate user, please register with your corporate email address. The system detects mismatches between email address and your corporate website address and will block your registration process. We have had to implement this screen to restrict access to *bona fide* users.

In the event your corporate email address is indeed different from the corporate web site address (it happens!) please contact us at services@bioinnovit.com. Once verified, we will unblock it for you.

During the registration process you will receive **three (3) separate emails**:

- the 1st for your **username and password** and, if you are a corporate user, a key code to allow other members of the organization to register for free (up to 5),
- the 2nd for the **full name, affiliation , contact details and the LSX MART Platform Usage fee** active at the time of registration .
- the 3rd, after you have signed the **Auto-Certification Agreement** *(details described in next pages),* will confirm your accreditation as a corporate partner and will provide an **Electronic Signature Code** which will be needed to complete transactions on the web site.

Please store these emails safely. You will need them as records from time to time.



WHAT IS THE LSX MART ?

The LSX MART, The Life Sciences Exchange Market, is a global intellectual properties exchange platform dedicated to **Life Sciences.**

The platform relies on simple step-by-step processes by which users, buyers or sellers, complete a "listing". A listing is the description of an intellectual property asset. The description process consists, in most of the steps, of a short multiple choice lists. At the end, you can save the listing for further completion or editing, or you can publish it in the LSX MART.

The LSX MART is composed of 2 sequential listing procedures and sections: **LSX Listings** and **LSX MART Listings**.

LSX Listings: open access listing section

The LSX Listings section is the exchange platform for all intellectual property assets and is available to all registered users with verified employment credentials.

When listing an item on the LSX MART, you will first publish it in the **LSX Listings** section. You can list **patents, projects, products, stock for sale, consulting, services.**

After the item is published, it appears both in the **LSX Listings** panel and in your " **My Account** " page from where you can manage the listing.

LSX MART Listings: restricted listing section

This section is dedicated to **patent assets**. A patent asset is an invention for which a patent has been granted or an application has been filed.

The LSX MART platform aims to boost the number of deals around patent rights especially for those actors, the **Sellers**, that are financially constrained and need money to pay for patenting costs and R&D activities needed to improve and make the asset more attractive to **Buyers**.

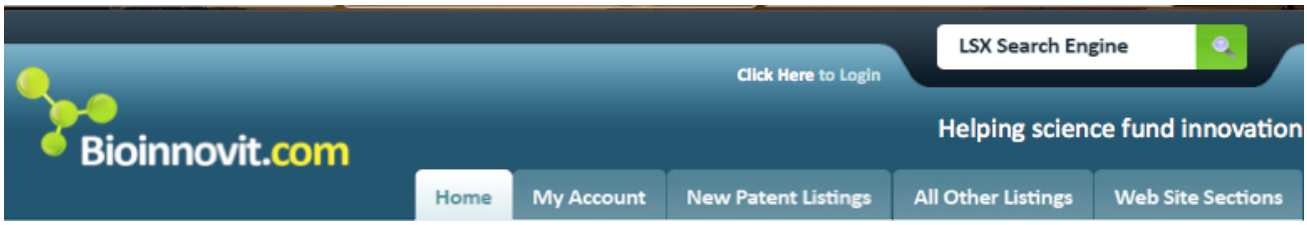
Sellers on the LSX MART are primarily public and private research institutions and universities, micro/small companies and individual inventors.

Buyers are economically stable companies and investors in the field (*business angels, venture capital companies and private equity operators, etc.*).

The LSX MART platform provides the tools and processes to match Sellers of patent assets with Buyers, thus allowing the Seller to secure funding for the patent asset.

The Sellers offer a **Share of Future Income (SFI)** which has the potential to be generated by the commercial exploitation of the patent asset. They offer units of SFI in exchange for the capital needed to pay for patenting costs and the R&D activities.

To publish in the LSX MART, go to "**My Account**" page**, LSX Listings** section and then choose "**Publish in the LSX MART**" link shown for your listing.



HOW THE LSX MART WORKS

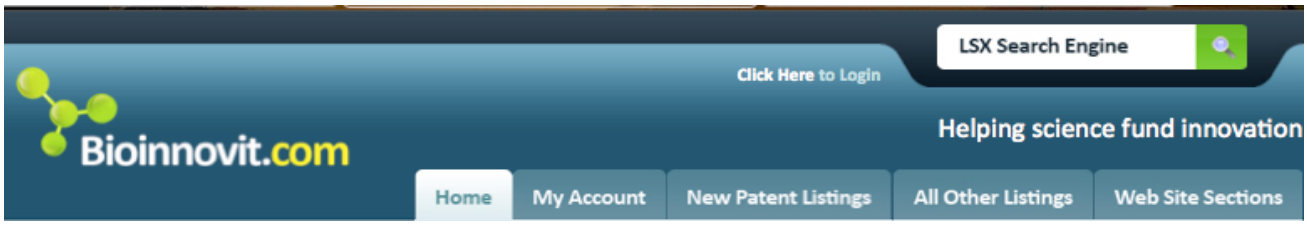
Clicking on the "**Publish in the LSX MART**" link shown for your listing, you initiate the publishing process. Once published, Buyers can view the listing and make bids for it. When a bid is accepted by the seller, the **Negotiation & Contract Preparation** phase begins and ends when negotiations terminate, successfully or not.

The platform provides **components** and **processes** that allow users to complete the buy/sale transaction for the SFI.

COMPONENTS OF THE LSX MART PLATFORM

- **Step-by-Step Listing Interface**
- **LSX Search Engine**
- **LSX Calculator Engine**
- **SFI units offering panel**
- **Stock-Market-Like Environment**
- **Contract Preparation**
- **Loan and Option Agreement**
- **Settlement of the transaction & platform usage fee payment**

The publishing process is a seamless and a user-friendly process which requires only 1 or 2 clicks for each step.



DESCRIPTION OF THE LSX MART PLATFORM COMPONENTS

Step-by-step listing interface

The listing interface is made up of a series of panels where you are asked to choose from a short multiple choice list, and two panels where you describe and provide information on the patent asset.

YOU CAN DOWNLOAD THE USER MANUAL SECTIONS FOR EACH PHASE FOR EACH USER TYPE.

Once a listing has been completed, it first publishes on the **LSX Listings section**. You have a record of the listing in "**My Patent Listings**", in the "**My Account**" page.

To offer SFI, you must publish the listing in the **LSX MART** section. The process is simple and is started from "**My Patent Listings**" in the "**My Account**" page, where you click on the **Publish in the LSX MART link**.

The LSX Search Engine

The **LSX Search Engine** is a proprietary internal search engine based on families of key words for Life Sciences; it allows to search our database of listings, both on the buy side or sell side.

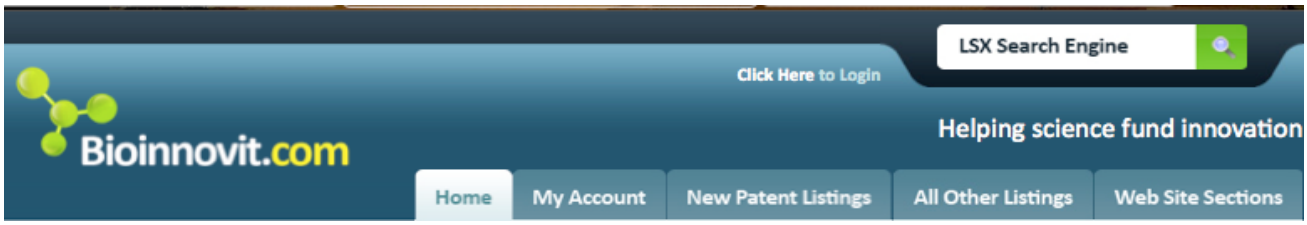
LSX Calculator Engine

The **LSX Calculator Engine** uses a proprietary algorithm to calculate the **Net Present Value** ("**NPV**") of the patent asset based on user-selected choices. The engine calculates the total value of the patent asset over patent life, and then discounts it in accordance with user selected choices on pre-set criteria, such as the status of the patent, the stage of development, the number of competitors, etc. The resulting theoretical value is, in simple terms, what is defined as the NPV. Your share of the NPV is 50%; the other 50% of this theoretical value belongs to the Investor who will be investing in its further development to realize such value. The Owner's share of the NPV, 50% of total value, forms the basis to calculate the price of the offering.

The LSX Calculator Engine is a tool provided to you as a service. It gives you an approximate value for your patent asset. This value may be not acceptable to you. In such an event you can use the value you believe is the correct one and insert it manually where required in the panel.

The SFI units offering panel

This panel calculates the total price of the SFI units offering which appears in the LSX MART. This is the price against which users will place bids. Each bid for each user is recorded in your "**My Account**" page, "**My LSX MART Listings**". The calculation of the price is based on the choice you make in terms of the percentage of the Owner's Share of NPV that you want to offer. You can choose up to 30% of the total. We have capped the



percentage at 30% for the LSX MART since we assume that most users will want to retain the majority of rights to SFI.

Stock-Market-Like Environment

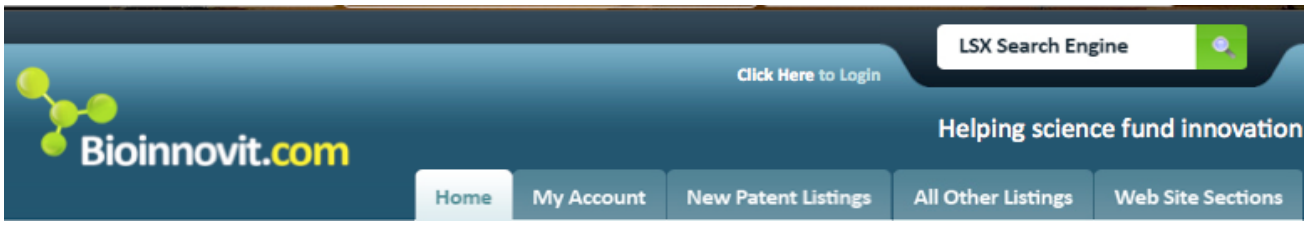
This panel is an interactive Stock-Market-Like Environment where al LSX MART listings are shown in **one-line summaries** with links to view the profile of the asset, the history of bids, the latest bid, the number of SFI sold and the number still available, the price and a BID button shown next to each listing for buyers to click to make a bid.

SFI Loan and Option Agreement

We have developed an online Loan and Option Agreement to facilitate transactions between Sellers and Buyers. The Loan and Option Agreement has to be signed with your unique Electronic Signature Code provided to you once your employment verification process has been completed. Once signed the Loan and Option Agreement is uploaded into your **My account** section and time of execution is recorded by our servers. The Loan and Option Agreement is the official contract governing the SFI transaction between Sellers and Buyers

Settlement of the transaction and payment of the LSM MART platform usage fee

Settlement of the transaction is completed off-line, directly between buyer & seller once the Loan and Option Agreement is executed. Upon successful execution you will be asked to pay the LSX MART Platform Usage fee.

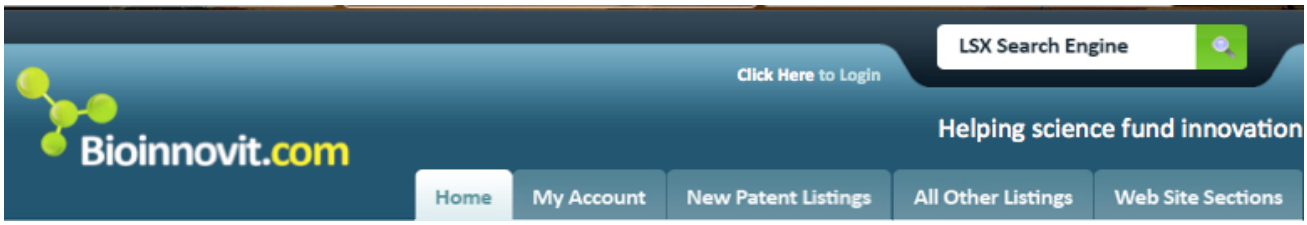


THE BIDDING PROCESS

The LSX MART features a proprietary bidding process by which visiting users bid for the listed SFI. It has the following features:

1. The LSX MART listings are shown in the LSX MART Listings panel;
2. Each listing has a number of units on sale, the total price for the offering, bids' history, link to the description of the patent asset, dates for each activity
3. Bids are made by clicking on the BID button to open the panel where the buyer sets his offer price and number of SFI units to purchase.
4. Each unit is valued at a base price of 1 euro. A currency converter allows the buyer to convert euros into most major currencies.
5. Buyer and Seller will be required to sign with their electronic signature code an online **Non-Circumvention Non-Disclosure Agreement** when making a bid or accepting a bid.
6. During the bidding process users contact details will be BLINDED for your security to avoid unwanted solicitations from "**window shopper**" users, or users who want to avoid paying the platform fee.
7. Sellers will be required to upload patent documentation and other documentation justifying the price of the listed SFI vis-à-vis future income prospects once they receive a bid which they accept. Please be as accurate and detailed as possible in the description of the patent asset.
8. Bids are binding, which means that if they are accepted, the two users **agree to negotiate and, if an agreement is reached, execute the transaction.**
9. Bids are confirmed by the Buyer with the unique Electronic Signature Code. (**ESC**)
10. Acceptance of bids are confirmed by the Seller with the unique Electronic Signature Code. (**ESC**)
11. The LSX MART platform usage fee is calculated and paid in Euro.
12. Each bid is recorded in the bid history panel for the listing and in "**My Account**" page, **LSX MART listings, LSX MART status**.
13. When the bid is accepted, both Buyer and Seller are required to sign the online **Loan and Option Agreement** to complete the transaction.
14. The transaction is completed when both seller and Buyer sign the online **Loan and Option Agreement** with their **unique electronic signature code.**
15. The transaction is completed when the transfer of funds from Buer to seller, rhrough Bioinnovit.com, has been completed and confirmed by Buyer and seller.

WE ARE AWARE THAT NEGOTIATIONS MAY COMPLETE SUCCESSFULLY OR FAIL, HENCE WE CLAIM NO RIGHT IN THIS RESPECT. YOUR RIGHTS TO TRANSACT OR TERMINATE DISCUSSIONS ARE SOVEREIGN. YOU MAY TERMINATE THE NEGOTIATIONS ANYTIME.



WARNINGS:

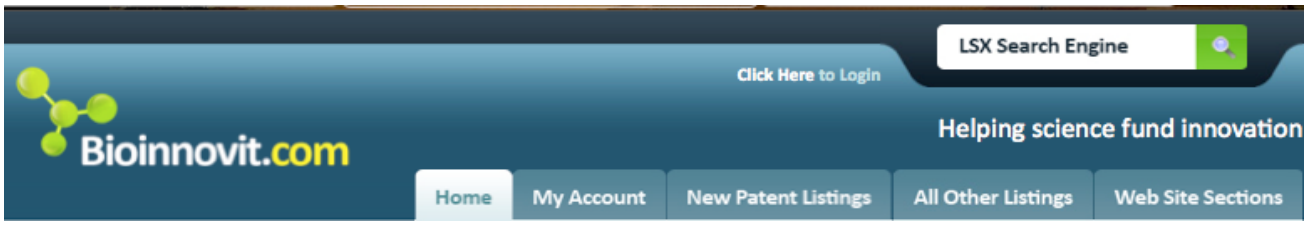
WE BELIEVE IN GIVING TRUST. WE HAVE DECIDED TO DEFER PAYMENT OF THE LSX MART PLATFOM USAGE FEE AT THE END OF THE PROCESS RATHER THEN AT BID ACCEPTANCE.

AS THE USE OF THE PLATFORM INCREASES THERE WILL BE A PARALLEL INCREASE OF USERS WHO ARE JUST "PLAYING" ON THE LSX MART PLATFORM, OR SCHEMING TO AVOID THE PLATFORM FEE .

WITHOUT PREJUDICE, BIOINNOVIT.COM AND ITS PARENT COMPANY. 3I CONSULTING SRL., WILL ENFORCE ITS RIGHT TO COLLECT LSX MART PLATFORM USAGE FEES DUE UPON SUCCESSFUL TRANSACTIONS.

GENERAL DISCLAIMER:

BIOINNOVIT IS NOT GIVING BUSINESS ADVICE, FINANCIAL ADVICE, INVESTMENT ADVICE, LEGAL ADVICE OR OTHER PROFESSIONAL ADVICE. BIOINNOVIT DOES NOT GUARANTEE OR WARRANT THE ACCURACY, COMPLETENESS OR TIMELINESS OF, OR OTHEWISE ENDORSE LISTINGS OR OFFERINGS. YOU SHOULD ALWAYS SEEK THE ASSISTANCE OF A PROFESSIONAL FOR ADVICE ON BUSINESS OR FINANCIAL OPPORTUNITIES, INVESTMENTS, THE LAW, OR OTHER PROFESSIONAL MATTERS. NO GUARANTEE CAN BE MADE IF YOU INVEST IN OPTIONS TO FUTURE SHARE OF REVENUES OF PATENTS / PATENT APPLICATIONS BASED ON THE INFORMATION PROVIDED ON THIS WEBSITE.



LSX PLATFORM USAGE FEE

THE LSX MART PLATFORM IS PROVIDED AS A SERVICE TO THE LIFE SCIENCES INNOVATION COMMUNITY WORLDWIDE.

USE OF THE LSX MART PLATFOM IS PERMITTED ONLY TO USERS WHO ARE SERIOUS ON THEIR INTENTION TO ENTER INTO A TRANSACTION WITH ANOTHER USER THROUGH THE USE OF THE PLATFORM AND AGREE TO PAY, UPON SUCCESSFUL COMPLETION OF THE TRANSACTION, THE PLATFORM USAGE FEE DUE TO BIOINNOVIT.COM.

The fee

The fee is based on a percentage of the value of the transaction. It is paid by both Buyer and Seller. Corporate users enjoy lower fees. The percentage fee recorded at the registration date is the percentage that will be used to calculate the usage fee. The percentage fee is set in the membership table.

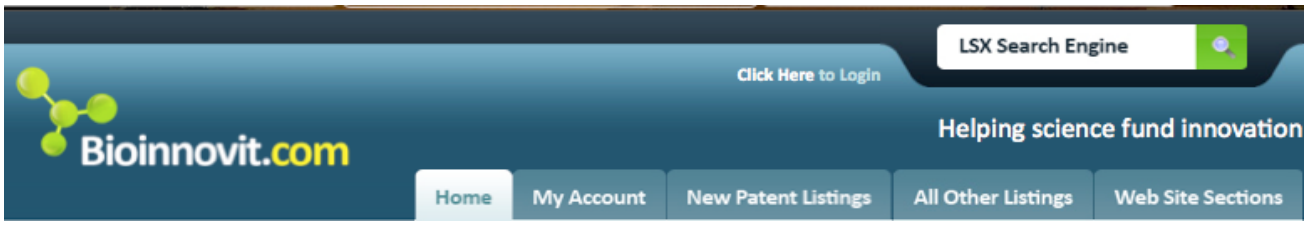
When is the fee due

The fee is due when the transaction has been successfully completed by the Buyer to the Seller is made.

How do I pay the fee?

The fee is paid by:

- Buyer: by bank wire at the time Buyer wires the Loan amount for the Seller to Bioinnovit.com;
- Seller: Bioinnovit.com subtracts the fee from the Loan amount received by the Buyer upon wiring funds to Seller.



USE AGREEMENTS

At registration and during your use of LSX MART platform, you will be asked to sign the following agreements:

General Use and Privacy Policy Agreements:

To be signed at registration by all users.

Please read through both agreements, online of offline (*.pdf version can be downloaded*) and ensure that you accept our conditions.

Auto-Certification Agreement:

To be signed during the registration process by corporate users for **Fast-Track Auto-Certification to access the LSX MART**.

In this agreement you will auto-certify, under your personal responsibility, that you can legally bind your business entity into a transaction with another user by using the LSX MART platform. By accepting to sign the auto-certification agreement, using your registration password, you are immediately accredited as a corporate member.

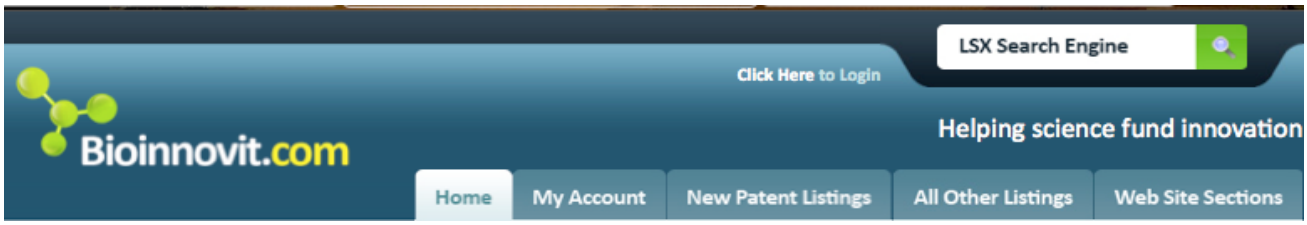
Supplemental terms of Use agreement for the LSX MART:

To be signed upon listing a patent asset, or bidding on a a patent asset, for sale on the LSX MART, by individual users.

Access to the platform is restricted to accredited and verified users. Use of the platform is allowed at certain conditions and at cost (see below). By signing the supplemental use agreement you agree to accept our conditions of use and accept to pay the platform usage fee, when earned. See below. This agreement is to be signed when listing a patent asset in the LSX MART..

Non-Disclosure Non-Circumvention agreement:

To be signed by all users when making or accepting a bid.



SECURITY MEASURES

Security measures on the LSX MART aim to block "window shopping" users and to uniquely identify users once a bidding transaction is completed. Security measures rely on two elements: **Fast-Track Auto-Certification or Credentials Verification and the Electronic Signature Code**.

Fast-Track Auto-Certification

Fast-Track Auto-Certification allows corporate users to be immediately operative on the platform. active for corporate users based on the following conditions:

a) your email address matches with your employer's web site address, a required field for corporate users at registration;
b) in case of problems during registration please contact us using the HELP page provided;
c) users who do not qualify for Auto-Certification based on this screen and not cleared by the web site administration will have to verify their employment credentials
d) if your email and web addresses match, you will progress to sign the **Auto-Certification agreement** .

Credentials Verification

All users must have their employment credentials verified before they are allowed to operate on the LSX MART Platform.

Verification of employment credentials will be performed, under the provisions and rules of the Fair Credit Reporting Act, 15 U.S.C. 1681 at seq. ("FCRA"), by JUSTIFACTS CREDENTIALS VERIFICATION INC., 8085 Saltsburg Road, Suite 100, Pittsburgh, PA 15239, Phone: (800) 356-6885, Fax: (412) 798-4799,www.justifacts.com.

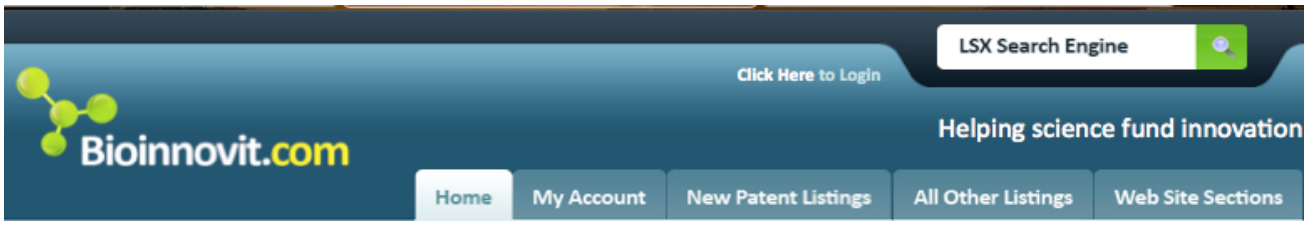
Certification costs and payments are direct with Justifacts.com. We don't earn a commission from Justifacts.com on Credentials verification, rather, as traffic increases, we will try to obtain lower fees for you.

Current employment status and position will allow Bioinnovit.com to determine, at its sole discretion and judgment, if the member is capable and has authority to initiate and conduct negotiations to enter into a business transaction with Members of Bioinnovit.com.

Electronic Signature Code (ESC)

The ESC is a code a unique, account-specific, randomly generated, code made of 12 letters and numbers for users accredited to operate on the LSX MART platform. You will need the ESC to publish a patent asset on the LSX MART, and to accept or make bids for a listing.

It is provided to corporate users upon signing the Autocertification agreement and to Individual users after credentials verification by JUSTIFACTS CREDENTIALS VERIFICATION INC.



ONLINE USER MANUAL

The online user manual comprises the following sections:

LSX Tutorial.doc
Part 1_Registration_All members.doc
Part 2a_Employment Credentials Verification/Single Members.doc
Part 2b_Employment Credentials Verification/Organizations.doc
Part 3_Listing Patents on the LSX.doc
Part 4_ Offering Shares of Future Revenues on the LSX MART.doc
Part 5_ Bidding_Process&Completion.doc
PART 6_Invoicing&PaymentMethods.doc